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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE  
RUCNCIS/CIS COLLECTIVE  
RUCNMEM/EU MEMBER STATES COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 5640  
RUEHBJ/AMEMBASSY BEIJING 3358  
RUEHKO/AMEMBASSY TOKYO 3222  
RUEHIT/AMCONSUL ISTANBUL 3883  
RUEKJCS/JOINT STAFF WASHDC  
RUEAIIA/CIA WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RHEFDIA/DIA WASHDC  
RHEBAAA/DEPT OF ENERGY WASHDC  
RHEHNSC/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEKJCS/SECDEF WASHINGTON DC  
RUCNDT/USMISSION USUN NEW YORK 1130  
RUEHVEN/USMISSION USOSCE 3875

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001142

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR  
ENERGY FOR EKIMOFF/BURPOE/COHEN  
COMMERCE FOR EHOUSE

E.O. 12958: DECL: 09/08/2019

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SUBJECT: TURKMENISTAN: CONOCOPHILLIPS REPORTS SLOW PROGRESS

REF: ASTANA 1019

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

11. (C) SUMMARY. ConocoPhillips representatives met with Charge on September 8 to discuss progress toward an offshore deal with the Turkmen. Company representatives indicated that ConocoPhillips was still very interested in developing blocks 19, 20, and 21 with the Turkmen, but had yet to receive a strong signal from them that a deal was imminent. They added that ConocoPhillips' CEO has been trying for months to get a meeting with Turkmen President Berdimuhamedov, but to date has been unsuccessful. Company reps opined that ConocoPhillips' association with its joint venture partner for the blocks in the Caspian, Russian firm Lukoil, might have temporarily poisoned the well, given strained Turkmen-Russian relations over gas. Nevertheless, company reps reported they are moving forward in Turkmenistan despite the slow progress, adding they had just received government approval to register their office in Ashgabat and are looking to officially open soon. END SUMMARY.

12. (C) ConocoPhillips reps highlighted its successful working relationship with Kazakhstan, stressing that the joint venture with KazMunayGas in block "N" was proof that ConocoPhillips could do business in Central Asia (reftel). As a result, they were upbeat on the possibility of similar ventures with Turkmen national gas and oil companies, given growing opportunities in Kazakhstan. At the same time, company reps acknowledged that landing a meeting between the Turkmen president and their CEO was critical to any future deal. Like most foreign oil and gas companies interested in striking a deal with the Turkmen, ConocoPhillips has requested a meeting with Berdimuhamedov on the margins of the UN General Assembly this month. To date, the company has heard nothing back from the GOTX regarding the meeting request. The Charge informed company reps that confirmation of meeting requests will be given once the President gets to New York, per MFA officials.

13. (C) The reps opined that Turkmen unwillingness to meet with company reps might be tied to ConocoPhillips' business partner for developing blocks in the Caspian, Russian-based energy company Lukoil. According to company reps, ConocoPhillips is the lead negotiator and operator for the development of blocks 19,20, and 21, but historically Lukoil received permission to develop block 21 on its own before joining with ConocoPhillips, which had a deal to develop blocks 19 and 20. According to the ConocoPhillips reps, a few of their Turkmen contacts have stated that, given Turkmenistan's current shaky relations with the Russians over gas, the Turkmen might see ConocoPhillips' Russian partner as a liability. The reps stated that even if the rumors are true, ConocoPhillips had no plans to damage its business relationship with Lukoil, adding that the Turkmen and Russians would most likely resolve their differences over gas soon, as an expedient resolution was economically beneficial for both sides.

14. (C) When asked about ConocoPhillips' current business plan for Turkmenistan, company reps told the Charge that it was close to registering its future office with government officials, after maneuvering through Turkmen bureaucracy for a year. They added that the company is mulling the possibility of assigning an expatriate to head the office just as their competitor Chevron had done. Company officials were confident that ConocoPhillips' reputation and its successes in Kazakhstan, the North Sea, the Gulf of Mexico, and Southeast Asia would eventually win over the Turkmen, serving as a catalyst for a future offshore deal.

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15. (C) COMMENT. ConocoPhillips is one of a handful of U.S. companies attempting to gain Berdimuhamedov's blessing in order to get an exploration deal. Unlike Chevron and ExxonMobil, ConocoPhillips has not insisted on an onshore deal; instead, it is set on developing riskier deposits in the Caspian. Along with opening an office in Ashgabat, the company plans to increase its presence in Turkmenistan by sponsoring investment and energy conferences, which also provide high-level company officials rare opportunities to address Turkmen officials. Company reps told the Charge that ConocoPhillips had the thick skin and perseverance necessary to do business with the Turkmen. END COMMENT.  
CURRAN